

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 10/1/17 to 10/31/17

**MONTHLY OPERATING REPORT**

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Affidavit / Supplement Attached</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

See accompanying notes on following page.

**Note:**

The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. If the books and records were audited or tested further, the information provided may differ from that presented in this MOR, possibly by material amounts.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

---

 Signature of Debtor

---

 Date

---

 Signature of Joint Debtor

---

 Date

---

 Signature of Authorized Individual\*

---

 Date

---

 Robert S. Rosenfeld

---

 Chief Restructuring Officer

---

 Printed Name of Authorized Individual

---

 Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

---

**In re:**

**Chapter 11**

**DOWLING COLLEGE**

**Case No. 16-75545 (REG)**

**Debtor.**

---

**GLOBAL NOTES REGARDING  
DEBTOR'S MONTHLY OPERATING REPORT**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in this chapter 11 case and is in a format acceptable to the United States Trustee. The financial information contained in the MOR is preliminary and unaudited, and as such may be subject to revision. The information in the MOR should not be viewed as indicative of future results.

The accompanying Preliminary Unaudited Financial Statements of Dowling College have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from the Debtor's accounting sub ledger and general ledger systems.

While Debtor's management has made reasonable efforts to ensure that the MOR is accurate and complete, based upon information that was available to them at the time of preparation, subsequent information may result in material changes to the MOR. Moreover, because the MOR contains unaudited information, which is subject to further review and potential adjustment, there can be no assurance that this MOR is complete. The Debtor reserves all rights to amend the MOR from time to time, in all respects, as may be necessary or appropriate. These global notes regarding the Debtor's MOR ("Global Notes") comprise an integral part of the MOR and should be referred to and considered in connection with any review of the MOR.

**Specific Notes.**

Endowment Funds. Temporarily restricted net assets consist of various donor-restricted amounts for academic programs, scholarships, and revenue for future periods (i.e., contributions receivable and accumulated gains on endowment funds). Permanently restricted net assets represent endowment corpus, which provides investment income principally for scholarships. Dowling's endowment consists of approximately 55 individual funds established for a variety of purposes, including donor-restricted endowment funds. Dowling's management and investment of donor-restricted endowment funds is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA).

Pursuant to the investment policy approved by the board of trustees of Dowling, Dowling has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as Dowling deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Dowling records the remaining portion of the donor-restricted endowment fund that is not permanently restricted, as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Levied Bank Accounts. Prior to the Petition Date, the Debtor's funds on deposit at TD Bank, NA (approximately \$506,000) that were included in 4 separate bank accounts were removed from the accounts and placed in separate holding accounts by TD Bank, NA in accordance with its internal procedures and following receipt of certain Restraining Notices served pursuant to NY CPLR Section 5222(b) filed by certain prepetition judgment creditors. Included in these restrained funds may have been certain restricted funds. The Debtor subsequently transferred these funds to four new DIP accounts maintained at Signature Bank in the same amounts and titles of the accounts that were maintained at TD Bank. Consistent with the Final Cash Management Order referred to above, the Debtor is in the process of evaluating the restrictions on these funds.

### **Sale of Assets:**

*Sale of Oakdale Campus and related contents.* On the Petition Date, the Debtor filed a motion requesting the entry of, among other things, bidding procedures and bidder protections for the sale of the Oakdale Campus (the "Sale Motion") [DE 13]. On December 16, 2016, the Court entered an order approving, in part, the Sale Motion (the "Bidding Procedures Order") [DE 111], which approved, among other things, bidding procedures for the sale of the Oakdale Campus (the "Bidding Procedures").

The Debtor conducted an auction (the "Auction") on April 4, 2017 pursuant to the Bidding Procedures Order. The Auction was resulted in a high bid of \$26,500,000 by Princeton Education Center LLC ("Princeton"). The second highest bid was \$26,100,000, submitted by NCF Capital Limited ("NCF"). On April 6, 2017, the Debtor, after extensive consideration by and consultation with representatives of the Creditors' Committee and the DIP Lenders, determined to close the Auction formally and designated Princeton to be the Successful Bidder and NCF to be the Backup Bidder, subject to confirmation by the Board of Trustees of Dowling College (the "Board").

After the Auction, in accordance with the Bidding Procedures, Princeton increased the deposit being held by the Debtor such that it equaled 5% of the Princeton Purchase Price. Debtor's counsel held \$1,325,000.00 in its escrow account on account of Princeton's deposit (the "Princeton Deposit"). On April 10, 2017, the Court held a hearing to consider the Sale Motion and on April 12, 2017 the Court entered an order approving the sale of the Oakdale Campus free and clear of all liens, claims, encumbrance and other interests to Princeton pursuant to the Princeton APA (the "Sale Order") [DE 285].

The Princeton Asset Purchase Agreement ("Princeton APA") expressly provided that the closing shall take place within thirty (30) days after satisfaction or waiver of all conditions to the obligations of the Debtor and Princeton, time being of the essence. The deadline to close the

contemplated sale transaction (the “Princeton Sale”) was May 26, 2017. By letter dated May 26, 2017, Princeton’s counsel requested an extension of the closing date by three (3) weeks to June 16, 2017 in order to assemble the funding necessary to consummate the Princeton Sale (the “Extension Request Letter”). In response to the Extension Request Letter, by letter dated May 26, 2017 for delivery on May 30, 2017, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, notified Princeton of its breach of the Princeton APA (the “Breach Notice”). The Breach Notice informed Princeton that (i) the Debtor intended to terminate the Princeton APA if the Princeton Sale did not close within fifteen (15) business days, as provided for in Section 12.1(c)(ii) of the Princeton APA and (ii) if the Princeton APA is terminated then the Debtor would retain the Princeton Deposit as liquidated damages, as provided for in Section 3.2 of the Princeton APA and the Bidding Procedures Order. Therefore, the deadline for Princeton to close the Princeton Sale was June 20, 2017 (the “Termination Date”).

On June 19, 2017, Princeton notified the Debtor that the closing would not occur on June 20, 2017 because it did not have the funds necessary to close the Princeton Sale. Princeton failed to close the Princeton Sale by 12:59 p.m. on the Termination Date. Thereafter, by letter dated June 21, 2017, due to Princeton’s failure to close the Princeton Sale, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, terminated the Princeton APA (the “Termination Letter”). As result of Princeton’s breach and subsequent termination, pursuant to the terms of the Princeton APA the Debtor was authorized to retain the Princeton deposit of \$1,325,000. These funds were transferred from the Debtor’s counsel’s escrow account to the Debtor’s cash accounts during July 2017. Pursuant to the DIP financing Order, during August 2017, these funds were subsequently transferred to UMB, as Trustee for the post petition DIP lenders as a Mandatory Prepayment.

### Back-up Bidder

The Bidding Procedures Order provided that if Princeton, as the Successful Bidder failed to consummate the Princeton Sale, then NCF, as the Backup Bidder, was automatically deemed to have submitted the highest or otherwise best bid. By letter dated June 21, 2017, due to Princeton’s failure to close the Princeton Sale, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, determined to proceed with NCF as the Backup Bidder and notified NCF that it had been deemed the Successful Bidder in accordance with the Bidding Procedures Order (the “NCF Letter”). On July 14, 2017, the Court entered a Supplemental Sale Order (i) establishing Mercury International, LLC<sup>1</sup>, as assignee of NCF Capital Limited as the Successful Bidder and (ii) authorizing the Debtor to enter into and perform under the NCF APA. The Debtor’s counsel is currently holding, in escrow, a deposit in the amount of \$1,305,000 (the “Deposit”) from NCF relating to the NCF Asset Purchase Agreement. Pursuant to Order of the Court, in addition to the real estate, the Debtor agreed to sell the furniture and equipment located at the Oakdale Campus to NCF for \$90,000.

---

<sup>1</sup> On July 12, 2017, NCF gave the Debtor notice that it had assigned all of its rights and obligations in and to the NCF APA, including, but not limited to, the Deposit (as defined in the NCF APA), to Mercury International, LLC, a Delaware limited liability company, pursuant to section 14.5 of the NCF APA.

Closing of Sale of Oakdale Campus

On August 21, 2017, the Debtor closed on the sale of the Oakdale Campus and the furniture and equipment to NCF. In connection with the closing, it was agreed that NCF would hold \$75,000 in escrow related to potential repairs that may be required to one of the buildings located on the Oakdale Campus. The Debtor and NCF are in the process of evaluating the actual costs required to complete such repairs. After considering closing costs related to brokers' commissions and title fees (totaling approximately \$1,057,000), the net proceeds received by the Debtor at closing was \$25,058,000 related to the real estate and furniture and equipment. Subsequent to the receipt of the proceeds from this sale transaction, the Debtor filed a motion with the Court to approve the remittance of available net proceeds from the sale of the Oakdale Campus to the DIP Agent [DE 394]. The Order provides for the Debtor to pay \$20,000,000 from the net proceeds received to pay down certain portions of the outstanding DIP Financing balances and related prepetition Debt in order to reduce the interest charges to the Estate. The Debtor's motion was entered on approved by the Court at a hearing on September 27, 2017. Subsequently, \$20 million from this sale was paid to the secured lender and the balance of the net proceeds from this sale is being maintained by the Debtor in a segregated account.

Following is a summary of the reporting of these transactions included herein:

	<b>Oakdale Campus</b>	<b>Furniture &amp; Equipment</b>	<b>Total</b>
Proceeds Received	\$ 26,100,000	\$ 90,000	\$ 26,190,000
<u>Closing Costs:</u>			
Commissions	1,044,000		1,044,000
Title Fees	12,600		12,600
total closing Costs	1,056,600	-	1,056,600
Gain reported on transaction	25,043,400	90,000	25,133,400
Escrow for building repairs	75,000	-	75,000
Net Proceeds received	<u>\$ 24,968,400</u>	<u>\$ 90,000</u>	<u>\$ 25,058,400</u>

Sale of Residential Properties. Pursuant to Court Order, during December 2016, January 2017, April 2017, May 2017, June 2017, August 2017, and September 2017 the Debtor sold 18 residential properties located near the Oakdale, Long Island Campus. In accordance with the Court Order, the net proceeds (after closing costs and realtor commissions relating to these sales) were paid directly to the secured lender that held the lien on these properties. Pursuant to a settlement agreement between the creditors, during September 2017, \$200,000 of the net proceeds received from the September sales were paid to the Debtor and such funds were deposited in a reserve account by the Debtor.

Following is a summary of the funds relating to these sales:

**Dowling College  
Sale of Residences  
Summary Closings to Date**

	Month Closed	# of sales	Total Sales Price	Net Buyer/(Seller) Credits	Broker Commission	Real Estate Tax Credit Seller	Rent Owed	Proceeds Pd to Dowling at Closing	Paid to Secured Lender
2016	December	5	1,594,500	25,919	63,060	-	10,931		1,516,452
2017	January	3	1,143,000	12,681	37,010	6,504	12,915		1,112,728
2017	April	1	610,000	5,058	24,400	-	-		580,542
2017	May	1	394,000	-	15,760	424	-		378,664
2017	June	4	1,330,500	(295)	53,220	13,106			1,290,682
2017	August	1	320,000	500	13,800				305,700
2017	September	3	1,153,500	(1,834)	46,160	4,224	-	200,000	913,398
Total		18	6,545,500	42,028	253,410	24,259	23,846	200,000	6,098,166

*Sale of vacant land.* In connection with the residential property closed in August 2017, the Debtor sold its interest in an adjoining plot of vacant land to the same buyer of this residential property. The Debtor received \$25,000 from the buyer and has maintained these funds in one of the Debtors DIP accounts.

*Sale of IP Addresses.* On July 25, 2017, the Debtor sold its interest in over 65,000 IP addresses in the amount of \$851,968. In connection with the sale of these IP addresses, the Debtor was required to pay a commission to its retained agent in the amount of \$51,118.08. The sale was subject to approval and transfer procedures required by the American Registry for Internet Numbers (“ARIN”). The proceeds have been held in escrow until the transfer was approved by ARIN. On September 6, 2017, the transfer was completed and the funds were deposited into the Debtor’s DIP account. The net amount of funds received by the Debtor, after payment of the aforementioned commission was \$800,849.92.

*Distribution of proceeds to Creditors.* Pursuant to a settlement agreement term sheet entered into by and among the secured creditors and the Unsecured Creditors Committee, the parties agreed to a certain manner of distribution of proceeds derived from the sale of certain assets. The settlement term sheet was attached as Exhibit A to the Final Order (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Cash Collateral, (II) Granting Adequate Protection, and (III) Granting Certain Related Relief, which was entered by the Court on July 17, 2017. Based upon the provisions of this settlement, as proceeds from the disposition of assets are received by the Debtor and become distributable, the amounts are to be allocated based upon, among other things, the type of asset which gave rise to the proceeds. As understood by the Debtor, the term sheet allocation and related calculations consider, among several factors, direct asset sale costs and expenses, amounts due to the DIP financing lenders at the time of the distribution,

prepetition secured creditor balances, required reserves for payment of priority claims and certain junior secured lenders, and allocations for payments to unsecured creditors as expected pursuant to a contemplated plan of liquidation. Based on the term sheet calculations, proceeds received from the Oakdale Campus sale and the IP Address sale were paid over to UMB Bank as DIP Agent during the month of October.

Note on recognition of gains and losses for sales of Debtor's assets. The Debtor is in the process of determining net book values for the respective sale of individual assets. For purposes of this Monthly Operating Report, the Debtor has estimated fixed assets amounts, accumulated depreciation and gain and loss on disposal amounts for the reporting period. As a result, actual gains and losses that would be reported under Generally Accepted Accounting Principles, may differ from the amounts reported on these interim financial statements. As information becomes available, the Debtor may adjust the gain and loss result as needed.

Self-Insured Medical and Dental benefit plan. The Debtor maintained self-insured employee medical and dental benefit plans (the "Health Plans"). Under the provisions of the Health Plans, two third party administrators, CIGNA and Health Plex, provided claims processing and administrative functions, for the Medical and Dental coverage, respectively. Upon the closing of the Debtor's operations in June 2016, this Health Plan was terminated. The U.S. Department of Labor is in the process of evaluating the outstanding unpaid claims under these Health Plans. As of the Petition Date, the Debtor was unable to quantify the total amount of claims to be potentially asserted in relation to the termination of the Health Plans due to, among other reasons, the fact that many claims may be unqualified for coverage or disallowed under the Health Plan. In addition, the Debtor's, former third party administrators ("TPA's") of the Health Plans have stated that they will not agree to process the associated claims. Finally, the Debtor is presently unable to determine which parties actually hold the claims for monetary loss associated with the Health Plans termination, if any. Until further analysis can be performed, the Debtor has disclosed this issue herein, without quantification of the amounts due.

#### Student Receivables

The Debtor continues to evaluate the collectability of its receivables due from former students of the College. The Debtor's balance sheet may not reflect the ultimate realization experience of such receivable balances. The Debtor continues to explore ways to maximize value of these receivables.

#### Pending Litigation

The Debtor is subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtor is a defendant in various litigation matters, some of which involve claims for damages that are substantial in amount. The Debtor believes it has meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtor is unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying unaudited financial statements related to these claims. An unfavorable outcome could have a materially adverse effect on the Debtor's financial position and results of operations.

In re: Dowling College  
Schedule of Cash Receipts and Disbursements

MOR-1  
CASE NO. 16-75545 (REG)  
REPORTING PERIOD: SEPTEMBER 30, 2017

	BANK ACCOUNTS											
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Signature-Flex Spending Acct- 3912 (1)	Signature - Student Activity Acct - 3947 (1)	Signature-Sewage Treatment Replacement Acct- 3920 (1)	Signature-Sewage Treatment Reserve Acct - 3939 (1)	Signature-Real Estate Proceeds Account - 3826	Signature-Class I - Settlement Reserve - 5697	Signature-Class II - 2006 Bonds Reserve - 5093
<b>CASH BEGINNING OF PERIOD</b>	881,618	19,883	20,343	8,616	194,946	16,157	368,199	60,516	60,560	25,089,073	-	-
<b>RECEIPTS</b>												
Cash Receipts	\$ 61,767			\$ -	\$ 12,985							
Interest Income										\$ 1,324	\$ 23	\$ 517
Perkins Loan Repayments and charges												
Net Transfers From/(To) Accounts	20,331,002	(77,717)	(20,633)	(20,998)	(344,831)					(25,058,400)	223,177	4,968,400
DIP Funding		58,150	16,600	21,750	199,650							
Proceeds from sale of real estate												
Proceeds from sale of other assets	-											
Receipt/return of security deposits from tenants												
Voided checks												
Other												
<b>Total Receipts</b>	<b>\$ 20,392,768</b>	<b>\$ (19,567)</b>	<b>\$ (4,033)</b>	<b>\$ 752</b>	<b>\$ (132,196)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,057,076)</b>	<b>\$ 223,200</b>	<b>\$ 4,968,918</b>
<b>DISBURSEMENTS</b>												
Payroll & Benefits	39,686											
Telephone and cable	7,537											
Outside Services	7,668											
Landscaping & Snow Removal	5,355											
Utilities	44,800											
Security	12,277											
Fire & Safety	3,408											
Repairs & Maintenance	27,371											
Insurance	168,329											
Chemical Removal												
Waste Removal	710											
Sewage Treatment												
Property Taxes	135											
Permits & licenses												
Payroll Processing	282											
Union Benefits	425											
Computer expense	17,269											
Office Supplies												
Finance Fees	9,000				-							
Debt Paydowns	20,776,954											
Retained Professionals												
Claims Noticing Agent	4,617											
Interim Management-CRO	86,825											
Bank Charges												
Moving, Storage and destruction costs	3,142											
Other	660											
Return of Tenant security deposits												
Receivable collection costs												
Real estate cost of sales												
Litigation												
US Trustee Fees	13,000											
Other Bankruptcy Related Charges	7,779											
<b>Total Disbursements</b>	<b>\$ 21,237,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Cash Flow</b>	<b>\$ (844,461)</b>	<b>\$ (19,567)</b>	<b>\$ (4,033)</b>	<b>\$ 752</b>	<b>\$ (132,196)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,057,076)</b>	<b>\$ 223,200</b>	<b>\$ 4,968,918</b>
<b>Cash - End Of Period<sup>(4)</sup></b>	<b>\$ 37,156</b>	<b>\$ 317</b>	<b>\$ 16,310</b>	<b>\$ 9,368</b>	<b>\$ 62,750</b>	<b>\$ 16,157</b>	<b>\$ 368,199</b>	<b>\$ 60,516</b>	<b>\$ 60,560</b>	<b>\$ 31,997</b>	<b>\$ 223,200</b>	<b>\$ 4,968,918</b>

See Notes to MOR.

(1) Debtor is currently investigating if these funds are restricted.

(2) Bank accounts was maintained for tenant security deposits. The balance of all remaining deposits were returned or liquidated from this account during October 2017.

(3) Pursuant to Court Order, proceeds from the sale of the Debtor's residential real estate located in Oakdale, NY were paid directly to the secured lender that held the liens on these properties.

Since the funds were paid directly to the lender and third parties, no funds related to these transactions flowed through the Debtor's bank accounts.

(4) Bank account relates to Perkins Title IV loan proceeds, repayments, and other charges to students relating to federal loan funding. Student loan repayment activity is managed by a third party servicer that tracks repayments and funds deposited into the US Bank account.



In re: Dowling College  
Schedule of Cash Receipts and Disbursements

MOR-1  
CASE NO. 16-75545 (REG)  
REPORTING PERIOD: SEPTEMBER 30, 2017

						CURRENT PERIOD	CUMULATIVE FILING TO DATE
	Signature-Class III - 2002 Bonds Reserve - 5700	Signature - Class IV 2015 Bonds Reserve - 5107	Capital One-6182 (2)	US Bank -1467 (4)	Cash Activity occurring through UMB through Residential Sales (3)	ACTUAL	ACTUAL
<b>CASH BEGINNING OF PERIOD</b>	-	200,003	4,875	428,905	-	<b>27,353,694</b>	<b>1,045,272</b>
<b>RECEIPTS</b>							
Cash Receipts						74,752	801,432
Interest Income		\$ 33				1,898	7,545
Perkins Loan Repayments and charges				4,426		4,426	154,100
Net Transfers From/(To) Accounts				(0)		-	(0)
DIP Funding						296,150	6,259,195
Proceeds from sale of real estate					913,398	913,398	33,002,064
Proceeds from sale of other assets						-	890,850
Receipt/return of security deposits from tenants			(4,875)			(4,875)	(38,346)
Voided checks						-	7,136
Other						-	1,351,489
<b>Total Receipts</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ (4,875)</b>	<b>\$ 4,426</b>	<b>\$ 913,398</b>	<b>\$ 1,285,749</b>	<b>\$ 42,435,465</b>
<b>DISBURSEMENTS</b>							
Payroll & Benefits						39,686	549,866
Telephone and cable						7,537	130,455
Outside Services						7,668	81,542
Landscaping & Snow Removal						5,355	118,888
Utilities						44,800	663,035
Security						12,277	708,437
Fire & Safety						3,408	87,553
Repairs & Maintenance						27,371	265,691
Insurance						168,329	482,119
Chemical Removal						-	41,501
Waste Removal						710	21,447
Sewage Treatment						-	35,631
Property Taxes						135	164,406
Permits & licenses						-	1,094
Payroll Processing						282	10,430
Union Benefits						425	5,325
Computer expense						17,269	61,577
Office Supplies						-	2,713
Finance Fees						9,000	143,000
Debt Paydowns					913,398	21,690,352	29,273,843
Retained Professionals						-	1,324,139
Claims Noticing Agent						4,617	187,289
Interim Management-CRO						86,825	991,093
Bank Charges						-	1,174
Moving, Storage and destruction costs						3,142	159,706
Other						660	21,332
Return of Tenant security deposits						-	23,437
Receivable collection costs						-	2,496
Real estate cost of sales						-	1,351,462
Litigation						-	7,500
US Trustee Fees						13,000	41,275
Other Bankruptcy Related Charges						7,779	32,465
<b>Total Disbursements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 913,398</b>	<b>\$ 22,150,628</b>	<b>\$ 36,991,921</b>
<b>Net Cash Flow</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ (4,875)</b>	<b>\$ 4,426</b>	<b>\$ -</b>	<b>\$ (20,864,879)</b>	<b>\$ 5,443,543</b>
<b>Cash - End Of Period<sup>(4)</sup></b>	<b>\$ -</b>	<b>\$ 200,037</b>	<b>\$ -</b>	<b>\$ 433,331</b>	<b>\$ -</b>	<b>\$ 6,488,815</b>	<b>\$ 6,488,815</b>

**In re: Dowling College  
Bank Reconciliations**

CASH AND MARKETABLE							
	Signature - Operating - 5448	Signature - TL A-5456	Signature-TL B-5464	Signature - TL C-5472	Signature - TL D- 5480	Capital One-6182 (2)	Signature-Flex Spending Acct- 3912
Balance Per Bank	\$ 73,784	\$ 317	\$ 16,310	\$ 9,368	\$ 62,750	\$ -	\$ 16,157
Deposits in Transit	-	-	-	-	-		
Outstanding Checks and Charges	(36,627)						
Other (List)		-	-	-	-		
Balance per Books	\$ 37,156	\$ 317	\$ 16,310	\$ 9,368	\$ 62,750	\$ -	\$ 16,157

*See Notes on MOR-1*

**In re: Dowling College  
Bank Reconciliations**

SECURITIES								
	Signature - Student Activity Acct - 3947	Signature-Sewage Treatment Replacement Acct- 3920	Signature-Sewage Treatment Reserve Acct - 3939	Signature-Real Estate Proceeds Account - 3826	Signature-Class I Settlement Reserve - 5697	Signature-Class II - 2006 Bonds Reserve - 5093	Signature-Class III - 2002 Bonds Reserve - 5700	Signature - Class IV 2015 Bonds Reserve - 5107
Balance Per Bank	\$ 368,199	\$ 60,560	\$ 60,516	31,997	223,200	4,968,918		200,037
Deposits in Transit								
Outstanding Checks and Charges								
Other (List)								
Balance per Books	\$ 368,199	\$ 60,560	\$ 60,516	\$ 31,997	\$ 223,200	\$ 4,968,918	\$ -	\$ 200,037

*See Notes on MOR-1*

**In re: Dowling College**  
**Bank Reconciliations**

	US Bank -1467 (4)		Total
Balance Per Bank	\$	433,331	\$ 6,525,442
Deposits in Transit			\$ -
Outstanding Checks and Charges			\$ (36,627)
Other (List)			\$ -
Balance per Books	\$	433,331	\$ 6,488,815

*See Notes on MOR-1*



MOR 2

In re: Dowling College

Case No.  
Reporting Period:16-75545 (REG)  
10/1/17 to 10/31/17STATEMENT OF OPERATIONS  
(Income Statement)  
UNAUDITED

	October 2017	CUMULATIVE FILING TO DATE (1)
<u>Income</u>		
Rental Income	\$ -	\$ 612,700
Charges on Student billing & Other Income	2,953	(53,866)
Total Income	2,953	558,834
<u>Expenses:</u>		
Gross Payroll	16,112	491,529
Bank Charges	89	1,443
Brookhaven Dorm Maintenance	-	62,784
Employee Benefits	-	(467)
Environmental - Phase I	-	2,500
Fire & Safety Maintenance	3,408	86,962
Licenses & Permits	-	1,263
Payroll Tax Expense	1,743	39,432
Real Estate Taxes	11,391	258,319
Repair & Maintenance	27,869	194,352
Security	16,422	752,055
Sewage Treatment	135	38,796
Telephone & Cable	6,699	91,868
Union Dues	396	4,461
Office Supplies	-	3,923
Computer Supplies & expense	17,569	44,470
Equipment lease		20,358
Electric/Gas	7,914	631,970
Fuel Oil	60	15,537
Water	-	11,938
Insurance Expense	168,329	461,532
Waste Removal	710	21,667
Snow Removal	-	66,505
Grounds Maintenance	5,355	52,383
Exterminating		1,963
Chemical Waste Removal	-	39,001
Payroll Processing	432	10,461
Moving, Storage & disposal	-	29,737
Taxes & Licenses	-	2,344
Misc. Expense	660	(15,269)
Outside services	6,167	200,124
Bad Debt Expense	13,940	45,640
Accounting & Tax-Pension Plan	5,589	57,734
Temporary Help	1,470	24,706
Total Expense	312,459	3,752,021
Net Ordinary Income	(309,506)	(3,193,187)

MOR 2

In re: Dowling College

Case No.  
Reporting Period:16-75545 (REG)  
10/1/17 to 10/31/17STATEMENT OF OPERATIONS  
(Income Statement)  
UNAUDITED

	October 2017	CUMULATIVE FILING TO DATE (1)
<u>Other Income:</u>		
Gain on Sale of Resid. Houses	-	1,667,719
Gain on Sale of Oakdale Campus		8,843,515
Gain on Sale of Vacant Land	-	25,000
Gain on Sale of Other Assets	-	894,850
Interest & Dividends Earned net of custodian fees	2,947	12,588
Change in Unrealized Gain/Loss	-	119,676
Miscellaneous Income	13,751	24,999
Total Other Income	16,698	11,588,346
<u>Other Expense</u>		
Professional Fees - Chapter 11	113,083	1,940,154
Claims Noticing Agent	-	187,289
Bankruptcy Advertising Costs	7,779	32,465
US Trustee Fees	13,000	41,275
Site Planner Consulting expense	332	74,514
Financing Fees	-	113,000
Litigation Expense-Mediator	-	11,771
Bond Agent Administration expense	9,000	47,240
Interim Management-CRO	89,292	1,105,036
Total Other Expense	232,486	3,552,744
Net Other Income	(215,788)	8,035,602
<b>Net Income</b>	<b>\$ (525,294)</b>	<b>\$ 4,842,415</b>

See Notes to MOR.

(1) Amended to reflect reclassifications and adjustments relating to sale of Debtor's property, plant &amp; equipment.

MOR 3

In re: Dowling College

Case No. 16-75545 (REG)  
 Reporting Period: 10/1/17 to 10/31/17

**BALANCE SHEET  
 UNAUDITED**

	<u>Current Month</u>	<u>As of Filing Date (1)</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 6,488,947	\$ 1,045,272
Rent Receivable	43,737	54,677
Escrow deposits related to real estate sales	82,945	-
Accounts Receivable-Other	165,907	165,907
Pledges Receivable	1,798,341	1,798,341
Prepaid Expense	-	135,663
Prepaid Retainers	48,520	256,942
Student Receivables-net of allowance	721,223	848,807
Total Current Assets	9,349,620	4,305,610
<u>Property, Plant &amp; Equipment</u>		
Oakdale Campus	-	42,175,600
Oakdale Residential Properties	3,537,483	9,696,277
Brookhaven Campus	54,492,951	54,492,951
Total	58,030,434	106,364,828
Accumulated Depreciation	(24,878,219)	(51,138,757)
Net Property, Plant & Equipment	33,152,215	55,226,070
<u>Other Assets</u>		
Closing Costs - Bonds	2,279,438	2,279,438
Perkins Loans Receivable	1,865,521	1,962,610
Investments	1,694,060	1,621,865
Deposits	36,500	36,500
Total Other Assets	5,875,519	5,900,413
Total Assets	<b>\$ 48,377,354</b>	<b>\$ 65,432,094</b>
<u>LIABILITIES &amp; EQUITY</u>		
<u>Liabilities - Not Subject To Compromise</u>		
Accounts Payable	\$ 32,691	\$ -
Accrued Expenses-other	351	-
Accrued Professional Fees	631,710	-
Other current liabilities	25,464	-
DIP-Term Loan A	1,877,736	-
DiP-Term Loan B	366,462	-
DIP-Term Loan C	339,157	-
DIP - Term Loan D-Admin	3,675,840	-
Total DIP Financing- Post petition loans	6,259,195	-
Total Liabilities-Not Subject to Comp	6,949,411	-



MOR 3

In re: Dowling College

Case No. 16-75545 (REG)  
 Reporting Period: 10/1/17 to 10/31/17

**BALANCE SHEET  
 UNAUDITED**

	<b>Current Month</b>	<b>As of Filing Date (1)</b>
<u>Liabilities-Subject to Compromise</u>		
Accounts Payable	3,997,259	3,977,990
Accrued Expenses	5,083,140	5,083,140
Other payables	91,000	91,000
Deferred Rental Income	80,491	80,491
Tenant Security Deposit Payable	-	62,308
Perkins A/P	1,774,824	1,774,874
Total Bonds Payable-Subject to Compromise	25,049,247	53,853,537
Total Liabilities subject to compromise	36,075,962	64,923,340
Total Liabilities	43,025,373	64,923,340
 Fund Balance	 5,351,982	 508,753
Total Liabilities and Equity	<u><b>\$ 48,377,354</b></u>	<u><b>\$ 65,432,094</b></u>

**See Notes to MOR.**

***(1) Amended to reflect reclassifications and adjustments relating to the prepetition period.***

MOR-4

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 10/1/17 to 10/31/17

## STATUS OF POSTPETITION TAXES

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the					
FICA-Employee	appropriate taxing authority.					
FICA-Employer						
Unemployment						
Income						\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
<b>State and Local</b>						
Withholding	See Note Above					
Sales & Use						\$ -
State Income Tax						-
Excise						-
Unemployment						-
Real & Personal Property						-
Other						-
Total State and Local	-	-	-			-
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ -</b>

## SUMMARY OF UNPAID POSTPETITION DEBTS (1)

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable (2)	\$ 32,691					\$ 32,691
Wages Payable						-
Taxes Payable						-
Rent/Leases - Building						-
Rent/Leases - Equipment						-
Secured Debt/Adequate Protection Payments	6,259,195					6,259,195
Professional Fees (3)	631,710					631,710
Amounts due to Insiders*						-
Other - Accruals and deposits payable	25,815					25,815
<b>Total Postpetition Debts</b>	<b>\$ 6,949,411</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,949,411</b>

(1) Excludes liabilities recorded for deferred income or other accounting recognition adjustments.

(2) Includes consultants, such as site planner and claims servicer retained through bankruptcy court and fees subject to court order payment procedures.

(3) Subject to court order payment procedures.

\* "Insider" is defined in 11 U.S.C. Section 101(31).

MOR-5

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 10/1/17 to 10/31/17

## ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period		\$ 723,200
+ Amounts billed during the period		
- Amounts collected during the period		\$ 1,977
- Allowances, Reserves & Write-Offs		
Net Accounts Receivable at the end of the reporting period		\$ 721,223
Accounts Receivable Aging (Gross)		
0 - 30 days old		
31 - 60 days old		
61 - 90 days old		
91+ days old		\$ 721,223
Adjustments & Write-Offs		
Total Accounts Receivable (Gross)		
- Unapplied Cash		
- Bad Debt Reserve		\$ -
- Sales Return Reserve		
- Sequester Reserve		
- Contractual Allowances		
+ Other AR Activity		
Accounts Receivable (Net)		\$ 721,223

**Note:** The Accounts Receivable includes many small balances due from former students dating back to when the College was operating. The Debtor continues to evaluate these receivables and determine the net realizability of such accounts.

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). (1)	X	

(1) Two new DIP accounts were opened at Signature Bank during the reporting period. These accounts were opened in connection with reserve accounts utilized in connection with the creditors settlement agreement. See Notes to MOR.